

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

ANNUAL COMPLIANCE REVIEW, 2017

Docket No. ACR2017

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO  
QUESTIONS 1-14 OF CHAIRMAN'S INFORMATION REQUEST NO. 9

The United States Postal Service hereby provides its responses to the above-listed questions of Chairman's Information Request No. 9, issued on January 25, 2018. Each question is stated verbatim and followed by the response. The response to Question 15 is still being prepared.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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1. Please confirm that the Postal Service continues to use competitive products as non-public performance indicators for the High-Quality Service performance goal.<sup>1</sup>
  - a. If confirmed, please provide FY 2014 to FY 2017 results and FY 2017 and FY 2018 targets for each competitive products performance indicator.
  - b. If the Postal Service did not meet a FY 2017 target for a competitive products performance indicator, please explain why and describe the FY 2018 plans and schedules to meet the FY 2018 target. See 39 U.S.C. § 2804(d)(3).

**RESPONSE:**

Confirmed.

a.-b. Please see the response filed under seal as part of the Preface of USPS-FY17-NP37.

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<sup>1</sup> See Docket No. ACR2016, Analysis of the Postal Service's FY 2016 Annual Performance Report and FY 2017 Performance Plan, April 27, 2017, at 25 n.27 (FY 2016 *Analysis*).

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2. The Postal Service states that of the mail included in the Marketing Mail and Periodicals Composite, approximately two-thirds is Marketing Mail letters and the remaining one-third is Marketing Mail flats and Periodicals. FY 2017 *Annual Report* at 15. Please provide the volumes of Periodicals, Marketing Mail letters, and Marketing Mail flats the Postal Service uses to calculate Marketing Mail and Periodicals Composite results.

**RESPONSE:**

Product	FY17 Measured Volumes
Marketing Letters	39,331,374,279
Marketing Flats	12,867,887,434
Periodicals	2,940,504,221

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3. The Postal Service explains that while it met the FY 2017 target for the Marketing Mail and Periodicals Composite, “[t]emporary disruptions in any of the mail distribution, network transportation or delivery processes” contributed to missing the FY 2017 targets for Single-Piece and Presorted First-Class Mail. *Id.* at 16. Please explain how these disruptions contributed to the First-Class Mail performance indicators missing FY 2017 targets, but did not cause the Marketing Mail and Periodicals Composite to miss the FY 2017 target.

**RESPONSE:**

Single-Piece and Presorted First-Class Mail volumes have significantly different service standards and networks than those for Marketing Mail and Periodicals. Postal facilities process to capacity, which at times allows for the advancement of Marketing Mail and Periodicals; as a result, when plant disruptions occur, service standards can still be achieved for these products. Additionally, unlike Single-Piece and Presorted First-Class Mail, most Marketing Mail and Periodicals volumes are prepared for local distribution and dropped at local facilities, meaning they do not need to travel out of state via air or surface networks. Additionally, Marketing Mail experienced nearly two quarters of service performance significantly above target, which provided a buffer against decreased performance later in FY 2017. Thus, final performance scores for Marketing Mail for FY 2017 remained above target.

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4. The *FY 2018 Plan* states that the Postal Service will “implement improved software to generate better daily operational plans.” *Id.* Please explain how improved software will help the Postal Service meet FY 2018 targets for the High-Quality Service performance goal.

**RESPONSE:**

Informed Visibility (IV) is the platform that provides performance information within all Postal Service operations. Weekly software enhancements are produced that field, area, and Headquarters employees use to drive operational performance. Technology is constantly improving the Postal Service's ability to forecast and promote operational compliance.

Some examples of software improvements include the Performance to Plan Dashboard, which allows operations for a more accurate run plan and promotes operating plan compliance, which in turn improves service. Additional tools include the Container Tracking System, which enables operations more real time visibility to ensure service sensitive mail is making the right dispatch at the right time.

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5. The *FY 2018 Plan* states that it will “continue to develop and deploy more precise tools . . . to scan and track mail at every step of the mail-handling process.” *Id.* Please explain how the enhanced tracking will be used to meet the High-Quality Service performance indicator targets in FY 2018.

**RESPONSE:**

Leveraging the IV platform provides the Postal Service with the ability to identify opportunities in mail flow from acceptance to processing, transportation, and delivery. Continuing enhancement of IV tools enables operations to track service performance to make real time decisions to mitigate any discrepancies and improve all aspects of Postal Service operations.

Better visibility helps pinpoint areas of opportunity in the flow and reduce inefficiencies, such as mail waiting for processing or mail out of FIFO order.

Tools available within Informed Visibility such as Incoming Inventory, Yard Status, and Bundle Visibility, enable operations to track service sensitive volume.

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6. The *FY 2018 Plan* states that it will “improve procedures and deploy new technologies to improve the efficiency of our mail-handling and delivery processes.” *Id.* Please identify these improved procedures and new technologies and explain how they will improve efficiency.

**RESPONSE:**

New technologies being used to improve efficiencies in Network Operations for FY 2018 include:

Informed Visibility Employee Scheduler – An employee scheduling tool that enables supervisors to create daily employee schedules in conjunction with work load, contractual leave rates, and unscheduled absences. Knowing and planning for workload and employee availability reduces disruptions and improves efficiency.

Informed Visibility – Performance to Plan, workhour performance, and predictive workload dashboards within IV provide real time actionable visualizations that can identify productivity and staffing deficiencies; these can be corrected to improve overall efficiency.

Informed Mobility – This platform will provide real time information to front line managers and supervisors to allow informed decisions to be made on safety, service, and cost efficiencies.

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Delivery Operations is working with Postal Service technology groups to improve parcel routing and handling efficiencies, by taking the following steps:

Continue software development that evaluates the need for daily parcel volume assistance for regular carrier routes. This software will move that volume from geographically concise high-density package delivery areas to relatively small dynamic package-only routes. This approach will prevent supervisor estimation of package assistance needs, and automatically redirect identified packages in distribution. The resulting smaller, concise package routes will improve delivery efficiencies and allow leveraging of the existing vehicle fleet in morning hours, when vehicles are not needed by regular carriers.

Improve package loading efficiencies by leveraging scanning technologies. Carriers can utilize Mobile Delivery Devices (MDDs) to scan packages while loading vehicles. MDDs will call out and display the optimal area of the vehicle for placement of each package.

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7. The *FY 2018 Plan* states that it will implement operational changes including increasing the amount of advanced mail, ensuring that all late arrival mail is captured, and improving delivery point sequencing procedures. *Id.*
- a. Please explain how the Postal Service plans to increase the amount of advanced mail.
  - b. Please explain how Postal Service plans to ensure that all late arrival mail is captured.
  - c. Please explain how the Postal Service plans to improve delivery point sequencing procedures.

**RESPONSE:**

a.

The IV platform provides visualizations for front line managers to process to equipment capacities, which in turn create an improved advancement environment. Volumes will then continue to decline, allowing for more advancement.

b.

Tools such IV, Surface Visibility (SV), and Enterprise Transportation Analytics (ETA) provide estimated transportation arrival times and latencies. Leveraging these tools allows front line managers to know when volumes will be arriving, meaning resources can be provided to process and dispatch to meet service standards.

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C.

The Postal Service continues to use IV to drive delivery point sequence (DPS) performance. The DPS Gap analysis tool exposes volumes missing DPS and flowing to manual or carrier route operations. The DOIS platform, Station input, and red / edit book process ensure DPS and manual volumes, as well as new delivery points, are accounted for properly.

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8. Please explain the methodology for calculating Total Accidents Rate targets and results at the national or corporate level. In the response, please provide supporting workpapers showing the derivation of Total Accidents Rate results from FY 2014 to FY 2017 and targets for FY 2017 and FY 2018.

**RESPONSE:**

The Total Accident Rate is calculated using the following formula:

$(\text{Accidents} \times 200,000) / \text{Exposure Hours}$ .

The formula is derived by the calculation used by the Occupational Safety and Health Administration (OSHA) to determine a rate of accidents per 100 employees. This metric was first used in FY 2017. FY 2017 and FY 2018 target performance is 15.0 accidents per 100 employees.

The following are the results for FY 2014 through FY 2017:

### Total Accidents Corporate

Year	Expo Hrs	Total Accidents	Total Accidents Rate
FY 14	1,099,470,792	87670	15.95
FY 15	1,120,514,360	91108	16.26
FY 16	1,149,939,707	92465	16.08
FY 17	1,156,314,192	90051	15.58

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## FY17 - Total Accident Rate (Corp)

### Total Accident Rate

### Targets and Thresholds

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
16.55	16.40	16.34	16.13	15.70	15.00	14.50	14.00	13.50	13.00	12.50	12.00	11.50	11.00	10.50

### Description

This indicator is established by taking the total count of all accidents (recordable / non-recordable and industrial / motor vehicle) per exposure hour. The accident rate is calculated by taking the total number of accidents x 200,000, divided by exposure hours.

### Measurement Period

This performance indicator will be measured each month and cumulative scores will be reported as Year-To-Date (YTD) result.

### Data Source and Calculation

**Source** – Accident counts retrieved from EDW (FY17 Total Accidents NPA (Corporate)) by district. Each report pulled monthly.  
**Indicator Value** – Accidents per Exposure Hour  
**Business Rule** – Rate:  $\left( \frac{YTD \text{ Total Accident Count} \times 200,000}{Exposure \text{ Hours}} \right)$

Exposure Hour Codes:

Hour Code	Hour Code Description
35	Extra Straight Time
43	Penalty Overtime
52	Work Hours (Includes Rural)
53	Overtime
57	Holiday Worked Pay
66	PM Convention Leave
80	Relocation Leave
89	Postmaster Organization Leave

**Decimal Precision** – Two Decimals

### Data Validation

EDW > HR Health and Safety Reporting > Shared Reports > HS National Reports > NPA Total Accidents Corporate

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## FY18 - Total Accidents Rate / Improvement

### Total Accidents Rate

### Targets and Thresholds

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
16.55	16.38	16.17	15.88	15.50	15.00	14.07	12.94	12.67	12.27	11.76	11.17	10.58	9.87	9.00

### Total Accidents Improvement

### Targets and Thresholds

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
0.00	-1.00	-2.00	-3.00	-4.00	-10.00	-13.00	-16.00	-18.00	-20.00	-22.00	-24.00	-26.00	-28.00	-30.00

### Description

This indicator is established by taking the total count of all accidents (recordable / non-recordable and industrial / motor vehicle) per exposure hour (Rate) and the year to date total accidents compared to SPLY (Improvement). The accident rate is calculated by taking the total number of accidents x 200,000, divided by exposure hours. The weight of the cell values is as follows: 60% for YTD Accidents Rate and 40% for YTD accident count to SPLY. Improvement will be applied only if it helps the overall score.

### Measurement Period

This performance indicator will be measured each month and cumulative scores will be reported as Year-To-Date (YTD) result.

### Data Source and Calculation

- Source** – Accident counts retrieved from EDW (FY17 Total Accidents NPA) by district. Each report pulled monthly.
- Indicator Value** – When Improvement helps - average of Rate (60%) and Improvement (40%) Cells  
When Improvement does not help - Total Accidents Rate Cell
- Business Rule** –
- Rate:  $\left( \frac{YTD \text{ Total Accident Count} \times 200,000}{Exposure \text{ Hours}} \right)$
- Improvement:  $\left( \frac{YTD \text{ Current FY Total Accident Count} - YTD \text{ Prior FY Total Accident Count}}{YTD \text{ Prior FY Total Accident Count}} \right) \times 100$

Exposure Hour Codes:

Hour Code	Hour Code Description
35	Extra Straight Time
43	Penalty Overtime
52	Work Hours (Includes Rural)
53	Overtime
57	Holiday Worked Pay
66	PM Convention Leave
80	Relocation Leave
89	Postmaster Organization Leave

**Decimal Precision** – Two Decimals

### Data Validation

EDW > HR Health and Safety Reporting > Shared Reports > HS National Reports > NPA Total Accidents Unit

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9. Please refer to the "Accident Count by Type" table that shows the number of accidents by type in FY 2016 and FY 2017. See *id.* at 19.
- a. The "Accident Count by Type" table shows that the total number of motor vehicle accidents increased from 29,120 in FY 2016 to 29,461 in FY 2017.
    - i. In Docket No. ACR2016, the Postal Service stated that there were 28,937 motor vehicle accidents in FY 2016 and 26,936 motor vehicle accidents in FY 2015.<sup>2</sup> Please confirm the total number of motor vehicle accidents in FY 2015 and FY 2016. If necessary, please provide an updated "Accident Count by Type" table with revised numbers.
    - ii. Please explain why motor vehicle accidents increased between FY 2016 and FY 2017.
    - iii. Please describe the steps the Postal Service has taken or will take to reduce the number of motor vehicle accidents in FY 2018.
  - b. The "Accident Count by Type" table states that the total number of accidents decreased from 93,546 in FY 2016 to 89,035 in FY 2017. In Docket No. ACR2016, the Postal Service described plans and timelines for improving workplace safety during FY 2017.<sup>3</sup> Please explain whether these plans were implemented and, if so, how they contributed to reducing the total number of accidents in FY 2017.

**RESPONSE:**

- a. i. The following is an updated chart indicating the total number of motor vehicle accidents for FY 2014 through FY 2017:

<b>FY</b>	<b>Total Miles</b>	<b>MVAs</b>
FY 14	2,289,274,946	24,413
FY 15	2,338,553,056	26,944
FY 16	2,361,776,472	28,979
FY 17	2,335,169,379	29,386

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<sup>2</sup> Docket No. ACR2016, Responses of the United States Postal Service to Questions 7-11 of Chairman's Information Request No. 19, March 1, 2017, questions 7.a. and 7.b.

<sup>3</sup> Docket No. ACR2016, Responses of the United States Postal Service to Questions 1-4 of Chairman's Information Request No. 7, January 25, 2017, question 1.b. (Responses to CHIR No. 7).

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Motor Vehicle Accidents by Cause:

<b>23Cause</b>	<b>FY 17</b>
001-GEN-CAUGHT IN/ UNDER/ BETWEEN	5
004-GEN-SLIPPING/TWISTING-NO FALL	1
007-GEN-STRIKE AGAINST MATERIAL/EQPT	44
011-ANIMAL-DOG INCIDENT (NOT BITE)	3
012-ANIMAL-OTHER ANIMAL BITE	1
400-MV-ROLLAWAY - ENGINE OFF	142
401-MV-RUNAWAY - ENGINE ON	146
500-MV-COLLSN/SIDESWIP VEHS IN MOTION	8,730
501-STRUCK BY VEHICLE	597
502-COLLISION OR SIDESWIPE ON AN INTERSECTING ROAD	1,057
503-COLLISION OR SIDESWIPE WHILE PASSING OR BEING PASSED	1,275
504-COLLISION OR SIDESWIPE WITH A VEHICLE AHEAD, SAME DIR AND ROAD	1,059
505-COLLISION OR SIDESWIPE WITH A VEHICLE BEHIND, SAME DIR AND ROAD	1,975
600-MV-COLLSN/SIDESWIP STAT VEH/OBJ	10,429
601-COLLISION OR SIDESWIPE WITH A VEHICLE OR OBJECT ON SIDE OF ROAD	1,903
602-STANDING IN ROAD AND STRUCK BY A VEHICLE	302
603-STANDING OFF ROAD AND STRUCK BY A VEHICLE	149
700-MV-NON-COLLISION ACCIDENTS	621
701-RAN OFF ROADWAY OUT OF CONTROL	266
702-SUDDEN STOP OR START	148
703-OTHER NON-COLLISION ACCIDENT	303
800-THIRD PARTY CAUSED INCIDENT	234
OTHER	266

a. ii.

Motor Vehicle Accident increases are attributed to a number of factors, including an increase in newer or less experienced drivers, an increase in miles driven for delivery, and an increase in drivers struck by customer vehicles while stopped to make delivery.

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a. iii.

Efforts to reduce motor vehicle accidents are focused on a number of fronts, starting with initial driver training and refresher training. A new professional driving academy is being developed that will increase the length of training and employ more hands-on experience with each vehicle, as well as use virtual reality tools such as driver simulators and iPad activities. Once drivers are actually behind the wheel, the Postal Service will increase its focus on quality driver observations by management. These observations will be centered on addressing unsafe driving behaviors before accidents occur. The Enterprise Analytics team has begun to design forecasting models related to motor vehicle accidents. Through the use of existing delivery management tools and outside data sources, the Postal Service will be more proactive in addressing risk by reviewing driver behaviors, road conditions, and other demographic points of interest to rate the potential risk of an accident.

b.

Of the safety initiatives described in its response to ChIR No. 7/Question 1.b. in the ACR2016 docket, the Postal Service was able to implement several in FY 2017, as a result of a concerted strategic business plan effort. The plan was developed by an executive level committee comprised of Operations and Human Resources personnel from each Area office. The focus was on empowering employees, training supervisors, and streamlining efforts.

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All initiatives were designed to focus on the impact of leadership on safety performance. Successful leaders can support a continuously improving, effective safety culture by ensuring that all employees understand what their safety responsibilities are. This starts with postal leadership's commitment to safety, reflecting leaders' beliefs, attitudes, values, and principles about safety. The CARE program was a major tool in FY 2017 in ensuring that all parties continue to dialogue about safety issues and concerns. Additional training on hazard identification and the implementation of the Lean Safety program enabled all parties involved in daily inspections of work units to ensure that all hazards are mitigated and everyone can work safely.

In conjunction with effective safety leadership, employee engagement is the other key component of a safety culture. Without active participation by all members, a safety culture will not evolve and reach its full potential. Through the Safety Captain/Ambassador program, the Postal Service dedicated time each day for employees to mentor and coach each other on safety issues. During the holiday season, this dedicated effort reduced accidents by nearly 23 percent.

Measuring safety performance accurately and reliably is a key to winning postal management's support for any safety program. The Postal Service has developed leading safety indicators focused on enhancing future safety performance.

These concepts helped shift attention from retroactive safety programs to a more proactive focus on those leading indicators that predict the potential for accidents. This focus most certainly also contributed to improved performance.

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10. Please provide the number of employees employed by the Postal Service as of September 30, 2017, with fewer than two years of on-the-job experience.

**RESPONSE:**

**Count of Employees with less than two years experience**

<b>CATEGORY</b>	<b>USPS</b>	<b>IS/OIG</b>	<b>TOTAL</b>
CAREER	16,906	323	17,229
NON-CAREER	96,237	0	96,237
<b>TOTAL</b>	<b>113,143</b>	<b>323</b>	<b>113,466</b>

Data Sources: EDW/webCOINS

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11. The Postal Service measures employee engagement using the Postal Pulse survey, which was administered to the entire Postal Service workforce in August and September of FY 2017. FY 2017 *Annual Report* at 19. The performance indicator for employee engagement is the Postal Pulse Survey Response Rate, which is "the percentage of employees who responded to the survey questions." *Id.*
- a. Please explain how the Postal Pulse survey was administered during FY 2017 (e.g., on site, on-the-clock implementation).
  - b. Please explain the methodology for calculating the Postal Pulse Survey Response Rate. In the response, please provide for FY 2017 the number of surveys administered and the number of employees who responded to the survey.
  - c. The Postal Pulse survey includes an opt-out box for employees who do not wish to participate in the survey. See FY 2016 *Analysis* at 52. Please explain whether the Postal Pulse Survey Response Rate includes employees who checked this opt-out response box.

**RESPONSE:**

a. All non-bargaining employees received an email invitation to take the Postal Pulse survey online. Online invitations were sent to all bargaining employees with a Postal Service or Postal Inspection Service email address.

In addition, all bargaining employees were issued paper copies of the survey both to their work facility and their home address. The instructions on the survey encouraged participants to take surveys received at home to work to receive time on-the-clock to take the survey.

Finally, all employees had the option of taking the survey via a link posted on LiteBlue. For employees with multiple options to take the survey, only the first response was retained by Gallup.

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b. The number of surveys administered was 621,332. Once the survey closes, employees on the list to receive a survey but who have separated with the Postal Service are removed from that denominator, provided that they did not respond. This resulted in an overall number of potential participants of 603,260. 279,669 responses were received for a response rate of 46 percent.

c. In FY 2015, the Postal Pulse survey included an "opt-out" box for employees who did not wish to take the survey. This item was removed in FY 2016 and was also not included in FY 2017.

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- 12.** Please provide the FY 2017 Postal Pulse survey mean scores for each item on the survey (including Item 0 on overall satisfaction).

**RESPONSE:**

<b>GrandMean</b>	3.25
<b>Questions</b>	
Q00. How satisfied are you with the Postal Service as a place to work?	3.49
Q01. I know what is expected of me at work.	4.22
Q02. I have the materials and equipment I need to do my work right.	3.53
Q03. At work, I have the opportunity to do what I do best every day.	3.68
Q04. In the last seven days, I have received recognition or praise for doing good work.	2.75
Q05. My supervisor, or someone at work, seems to care about me as a person.	3.37
Q06. There is someone at work who encourages my development.	2.98
Q07. At work, my opinions seem to count.	2.81
Q08. The mission or purpose of my company makes me feel my job is important.	3.50
Q09. My fellow employees are committed to doing quality work.	3.38
Q10. I have a best friend at work.	3.02
Q11. In the last six months, someone at work has talked to me about my progress.	2.73
Q12. This last year, I have had opportunities at work to learn and grow.	3.03

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13. The *FY 2017 Report* states that Deliveries per Total Work Hours, % Change results were 1.0 in FY 2014 and (1.1) in FY 2015. *FY 2017 Annual Report* at 14. In Docket No. ACR2016, the Postal Service reported results for this performance indicator as 0.6 in FY 2014 and 0.2 in FY 2015.<sup>4</sup> Please reconcile these differences and confirm FY 2014 and FY 2015 results for Deliveries per Total Work Hours, % Change.

**RESPONSE:**

The figures reported in the FY 2017 Annual Report for FY 2014 and FY 2015 were not calculated using the same (newer) methodology as used to calculate the figures for FY 2016 and FY 2017. Instead, they were calculated based on results from the methodology that prevailed when results for FY 2014 and FY 2015 were originally reported, and are correct based on the methodologies in use at that time. The figures for FY 2014 and FY 2015 reported last year in the ACR2016 proceeding, in response to ChiR No. 7, Question 2.a (January 25, 2017) are also correct. Those numbers are confirmed as the results for FY 2014 and FY 2015 using the current Deliveries per Total Work Hours, % Change methodology. Accordingly, if the intent were to present all years displayed in the FY 2017 Annual Report on a basis consistent with the most recent year, then those figures would have been 0.2 percent for FY 2015 and 0.6 percent for FY 2014.

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<sup>4</sup> Responses to CHIR No. 7, question 2.a.i. The performance indicator "Deliveries per Total Work Hours, % Change" was previously referred to as "Deliveries per Total Work Hours, % SPLY." *FY 2017 Annual Report* at 24 n.5.

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14. The Postal Service reported higher than expected costs for rent, utilities, and other expenses, and attributes this difference to vehicle fuel and maintenance expenses for its delivery fleet and information technology services. See FY 2017 *Annual Report* at 23. However, the *FY 2018 Plan* states that the Postal Service will improve High-Quality Service by “increas[ing] operational maintenance and the presence of maintenance personnel to reduce inefficiencies due to equipment failure.” *Id.* at 16.
- a. Please confirm that the *FY 2018* target for Controllable Income (Loss) incorporates the planned increase in operational maintenance and maintenance personnel. If confirmed, please indicate how the planned increase is allocated among the designated controllable expenses listed in the *FY 2018 Integrated Financial Plan*. See *id.* at 21.
  - b. If not confirmed, please explain how the Postal Service will meet the FY 2018 Controllable Income (Loss) target while increasing operational maintenance and the presence of maintenance personnel.

**RESPONSE:**

- a. Confirmed. The FY 2018 Integrated Financial Plan (IFP) incorporates a \$0.1 billion increase in rent, utilities, and other expenses, based primarily on projected inflationary increases in those costs that were known at the time of Plan preparation. Personnel expenses are incorporated within compensation and benefits expense in the IFP.
- b. Not applicable.